14 August 2020

Investor & Analyst Briefing

Full year results to June 2020

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3P Learning

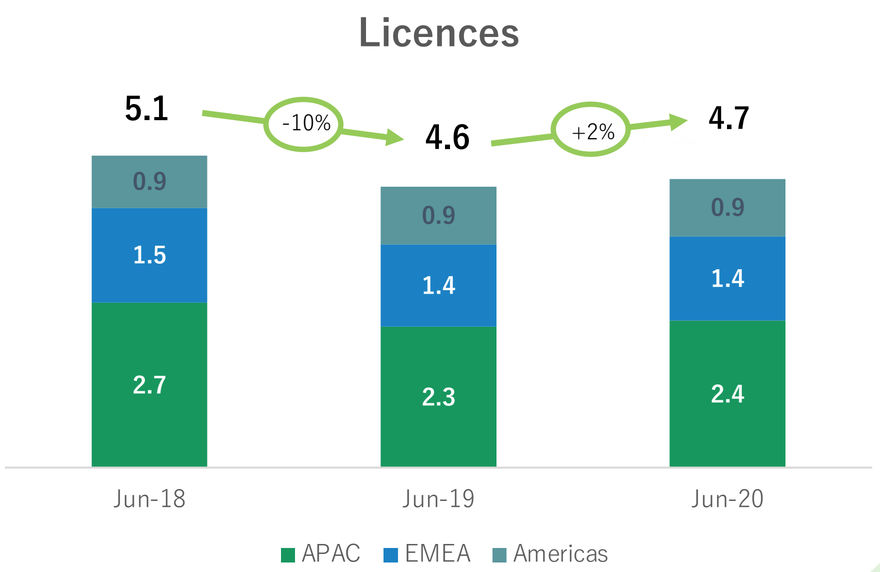
Our Agenda

- Overview
- Strategy update
- FY20 Financial Results
- Outlook
- Q&A
- Appendices

Overview

FY20 Overview

- ARR - royalty adjusted[1,3]
  $50.0M ↑ 1% on pcp
- Licences[2,3]
  4.7M ↑ 3% on pcp
- Statutory Revenue
  $55.1M ↑ 1% on pcp
- Underlying EBITDA
  $14.6M ↓ 18% on pcp
- Net Dollar Churn Percentage[3]
  15% 2%-pts improvement on pcp
- Cash
  $27.1M ↑ 5% on pcp



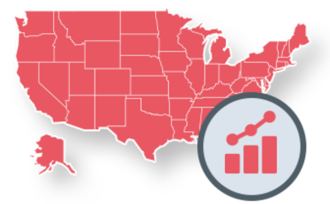
pcp – prior comparison period
[1] Royalty Adjusted Annual Recurring Revenue (ARR – royalty adjusted), excludes any value from the ME MOE deal announced on 23 June 2020 which will begin in FY21.
[2] Licences excludes 200,000 licences relating to the ME MOE deal announced on 23 June 2020 which begin in FY21.
[3] Refer to Appendices for definitions

Strategy update

2020-2022 Accelerate profitable growth

Product and customer expansion

Accelerate profitable sales growth in the Americas



Enhance customer experience and retention

A growth focussed, high performance culture

- At the end of FY19 we completed a 3-year long organisational restructure, including tackling technical debt and investing in scalable sales and marketing systems. We now have a stable cost base positioning us well to enjoy operating leverage as we accelerate sales growth.
- Our 20:22 Accelerate Growth strategy announced in August 2019 is unchanged however we have moderated our growth expectation for the Americas due to funding uncertainty in the USA as a result of COVID-19.

2020-2022 Accelerate Profitable Growth Plan (Year 1)

Product and customer expansion

- Secured a MOE Middle East contract valued at $10MUSD recognised in FY21 and built an Enterprise Funnel for FY21 (MATS, District, Ministry and Corporate Social Responsibility and Sponsorship).
- Significant refresh of Mathletics activities (30K new activities), Teacher UX and new interactive Modern Learning Environment which supported new business billings in FY20.
- Strengthened our 7-10 Mathletics experience ready for increased market share.
- Launched Mathletics Spanish (May 2020).
- Launched RW Spelling (November 2019).
- Commence scoping of RW Writing our B2C product portfolio for launch in early CY21.

Accelerate profitable sales growth in the Americas

- Challenging conditions in the USA as district and school budgets impacted by COVID-19.
- Licence revenue up in FY20 vs FY19.
- Mathletics Spanish will drive growth in both Latin America and select USA states.
- Partnership with leading assessment provider will unlock new customers for Mathletics.

Enhance customer experience and retention

- Continued to build digital automated customer journeys to improve CEX and cost to serve.
- Continued to improve the B2C acquisition and retention customer journey.
- Addressed root cause to service call volumes.
- Retention improved in APAC and EMEA.
- Net Dollar Churn Percentage improved by 2% points.

FY20 Financial results

FY20 Results Summary

- Overall performance of the company has been relatively resilient during the COVID-19 pandemic. Our people and services have not been impacted to date and we have experienced an increase demand for our products, albeit with regional market dynamics.
- Licence revenue was up 1% to $51.4M, with Americas up 11% and EMEA up 1%. As flagged at our announcement on 23 June 2020 the agreement with a Ministry of Education from the Middle East will only start contributing to revenue from FY21.
- Other revenue increased 12% due to an increase in Copyright Revenue offset by a reduction in other income due to the impact of AASB16 *Leases* on sub-lease income.
- ARR-royalty adjusted, grew 1% from 30 June 2019. This excludes the Middle Eastern Ministry of Education deal announced on 23 June 2020, which begins in FY21.
- Expenses were up 11% due to increased average headcount in the Americas and increased product development headcount to support our growth agenda. Headcount is expected to stay reasonably level into the future and is well placed to support a higher volume of business into FY21.
- NPAT was down $4.3M to $1.6M.

AU$M	FY20	FY19	$+/-	%+/-
Revenue & other income[1]	**55.1**	**54.4**	**0.5**	**1%**
Licence revenue				
APAC	30.4	31.1	(0.7)	(2%)
EMEA	12.2	12.1	0.1	1%
Americas	8.8	7.9	0.9	11%
Licence revenue	**51.4**	**51.1**	**0.3**	**1%**
Other revenue and other income	3.7	3.3	0.4	12%
	55.1	**54.4**	**0.7**	**1%**
Mathematics	39.4	40.4	(1.0)	(2%)
Literacy	12.0	10.7	1.3	12%
Other Products	-	-	-	0%
Other	3.7	3.3	0.4	12%
	55.1	**54.4**	**0.7**	**1%**
Expenses	(40.5)	(36.7)	(3.8)	11%
Underlying EBITDA	**14.6**	**17.7**	**(3.1)**	**(18%)**
Underlying EBITDA margin (%)	*26%*	*32%*	*(6%)*	
Underlying Net Profit After Tax	**1.7**	**5.9**	**(4.2)**	**(71%)**
Corporate advisory costs (after-tax)	(0.1)	-	(0.1)	(100%)
Net Profit After Tax	**1.6**	**5.9**	**(4.3)**	**(73%)**
Revenue vs. FY19 under AASB16	**55.1**	**54.0**	**1.1**	**2%**
Expenses vs. FY19 under AASB16	(40.5)	(35.1)	(5.4)	15%
EBITDA vs. FY19 under AASB16	**14.6**	**18.9**	**(4.3)**	**(23%)**
ARR - royalty adjusted				
30-Jun-20 vs. 30-Jun-19	**50.0**	**49.6**	**0.4**	**1%**

[1] Interest revenue of $0.3m (FY19: $0.3m) is not shown in revenue and other income as per the statutory full-year report.

APAC

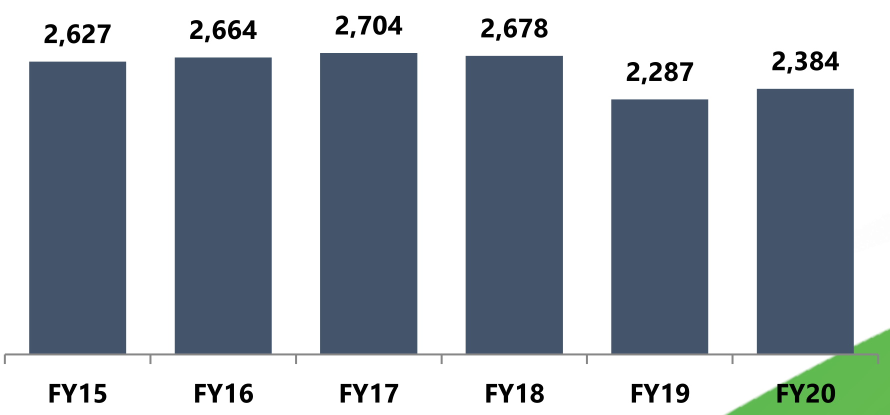
- ARR-royalty adjusted, was up 7% and licences were up 4% reflecting increased H2-20 sales driven by improved FY20 retention, improved back to school new business and COVID-19 demand.
- Licence revenue was down 2% due to FY19 churn issues impacting H1-20 and as H2-20 performance improvements are only partially recognised as revenue in FY20.
- Copyright fee revenue was up $0.8M due to increased usage of our materials by teachers during the school year.
- Expenses were up $0.6M mainly due to increased variable costs needed to meet the COVID-19 demand during H2-20.

Focus & Outlook

- Driving new and renewal sales with our refreshed Mathletics offering and improved customer experience.
- Build on the FY20 Readiwriter-Spelling traction and expand our literacy offering with Readiwriter-Writing.
- New opportunities outside ANZ to increase licences with an aim of driving Enterprise Sales.
- We expect H1-21 revenue and EBITDA to be behind prior year due to accelerated timing of 3rd party revenue as a result of billing in Q4-20 rather than Q1-21. Over the FY21 full year we expect single digit revenue and EBITDA growth.

AU$M	FY20	FY19	$+/-	%+/-
Revenue - Maths & Literacy	30.4	31.1	(0.7)	(2%)
Revenue - Copyright fees, and other	3.4	2.6	0.8	31%
Total revenue	33.8	33.7	0.1	0%
Expenses	(8.4)	(7.8)	(0.6)	8%
EBITDA before corporate overheads*	25.4	25.9	(0.5)	(2%)
EBITDA margin (%)	*75%*	*77%*		
ARPU ($)	$12.93	$12.12	$0.81	7%
Full Time Equivalent (number)	58	56	2	4%
ARR - royalty adjusted	**30.7**	**28.6**	**2.1**	**7%**

Licences 000s



* The change in licence numbers from FY18 to FY19 included the sunsetting of Spellodrome and IntoScience legacy products (~60k) and cessation of selling licences by volume bands and move to the sale by exact student numbers (~110k)

EMEA

- FY20 revenue increased 1% in AUD (6% decline in GBP). H1-20 was impacted by Brexit uncertainty; however, H2-20 showed 9% growth on H1-20.
- Readiwriter Spelling performed well contributing to the strong H2-20 performance.
- Expenses were impacted $0.4M by variable cost accrued on the agreement with the Ministry of Education from the Middle East and a $0.3M FX loss vs a $0.1M gain in FY19.

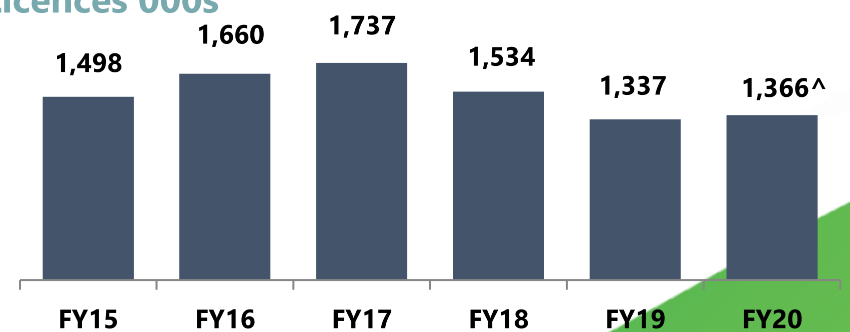
Focus & Outlook

- Delivering on the Middle Eastern Ministry of Education agreement in FY21 to improve our prospects of renewal and expansion.
- Continuing to build our enterprise sales through large Ministry of Education or Department of Education deals and Corporate Social Responsibility partnerships.
- Driving new business and retention improvements from enhanced product and customer experience.
- Leverage our installed base with our expanded and stronger product portfolio, including Readiwriter Spelling, improvements to Reading Eggs which better meet UK curriculum needs and significant content related enhancements to 7-10 Mathletics.

AU$M	FY20	FY19	$+/-	%+/-
Revenue - Maths and Literacy	12.2	12.1	0.1	1%
Revenue - Other	-	-	-	NM
Total revenue	12.2	12.1	0.1	1%
Expenses	(5.7)	(4.7)	(1.0)	21%
EBITDA	6.5	7.4	(0.9)	(12%)
EBITDA margin (%)	53%	61%		
Full Time Equivalent (number)	48	52	(4)	(8%)
ARR - royalty adjusted	**10.9**	**11.3**	**(0.4)**	**(4%)**

£M	FY20	FY19	$+/-	%+/-
Revenue - Maths and Literacy	6.3	6.7	(0.4)	(6%)
Total revenue	6.3	6.7	(0.4)	(6%)
EBITDA	3.2	3.8	(0.6)	(16%)
EBITDA margin (%)	51%	57%		
ARPU (£)	£4.66	£4.67	(£0.01)	(0%)

Licences 000s



* ARR-royalty adjusted excludes amounts from the Middle Eastern National Ministry of Education deal announced on 23 June 2020 which will begin in FY21.

^ Licence count excludes 200,000 licences which will be activated in FY21 on the Middle Eastern National Ministry of Education deal announced on 23 June 2020.

Americas

- Licence revenue was up 11% (5% in USD) despite challenging conditions in USA market due to funding uncertainty caused by COVID-19.
- ARR-royalty adjusted, has been impacted by product mix and discounts offered through multi-year retention strategies.
- Other revenue declined due to the adoption of AASB 16 *Leases*[1].
- Expenses up as previously flagged in our 31 December 2019 Half Year Investor briefing, due to higher average sales & marketing headcount during H1-20 versus H1-19.

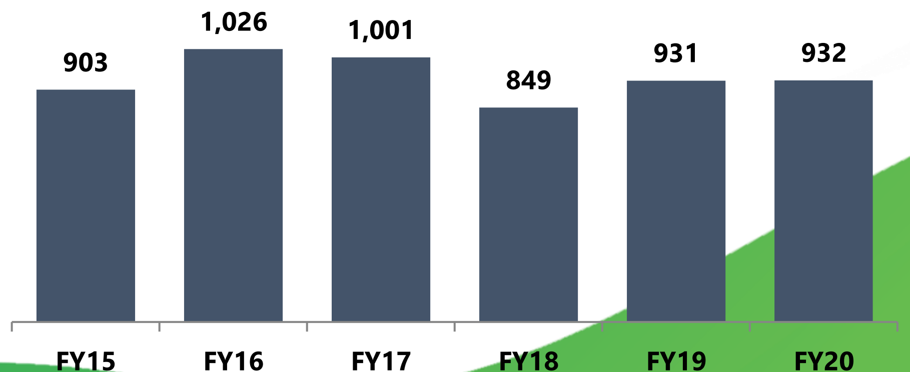
Focus & Outlook

- Pivot USA sales team to optimise go-to-market in post COVID-19 market conditions and be ready to execute if additional USA federal funding is made available.
- Outside of USA, we have a pipeline of enterprise opportunities that are well placed to close in H1-21.
- Growing new and renewal sales with a refreshed Mathletics; including Mathletics Spanish to drive enterprise sales into the LATAM region and expanded common-core aligned content and activities.
- We expect billings growth in H1-21 however revenue growth will come through H2-21 due to our revenue recognition policy on licence revenue.

AU$M	FY20	FY19	$+/-	%+/-
Revenue - Maths and Literacy	8.8	7.9	0.9	11%
Revenue - Other	0.3	0.7	(0.4)	(57%)
Total revenue	9.1	8.6	0.5	6%
Expenses	(9.5)	(8.2)	(1.3)	16%
EBITDA	(0.4)	0.4	(0.8)	(200%)
EBITDA margin (%)	(4%)	5%		-195%
Full Time Equivalent (number)	47	51	(4)	(8%)
ARR - royalty adjusted	**8.5**	**9.7**	**(1.2)**	**(12%)**

US$M	FY20	FY19	$+/-	%+/-
Revenue - Maths and Literacy	5.9	5.6	0.3	5%
Other revenue and income	0.2	0.5	(0.3)	(60%)
Total revenue	6.1	6.1	-	0%
EBITDA	(0.3)	0.2	(0.5)	(250%)
EBITDA margin (%)	(5%)	3%	(8%)	
ARPU (US$)	$6.33	$6.25	$0.09	1%

Licences 000s



[1] Refer to appendix for further information.

FY20 Income statement

- Employee expenses have increased by $3.7M due higher sales-related costs in the Americas, variable selling costs accrued on the Middle Eastern Ministry of Education deal and variable selling costs that arose from increased demand as a result of the COVID-19 pandemic.
- Headcount increase from June 2019 of 255 to 265 FTEs.
- Marketing expenses increased $0.3M across all regions to accelerate growth.
- Technology and occupancy costs have decreased by $1.2M due to $1.5M reduction to occupancy expenses from the adoption of AASB 16 *Leases* offset by $0.3M increase in licence fees and other system costs.
- Other expenses includes a $0.7M swing in FX losses ($0.1M FX loss in FY20 vs. $0.6M gain in FY19).
- As previously flagged in our 31 December 2019 Half Year Investor briefing, $1.0M of increased depreciation & amortisation is due to the impacts of adopting AASB 16 and $0.9M is due to the amortisation of Readiwriter Spelling which begun this year.
- There are $0.1M corporate advisory costs after tax which have been excluded from underlying EBITDA, underlying EBIT and underlying NPAT.
- The effective tax rate is impacted by the contribution of the Americas carryforward tax losses which were not recognised, and due to the full utilisation of blackhole expenditure in FY19 which arose from the 2014 IPO.

$M	FY20	FY19	$+/-	%+/-
Total Revenue[1]	**55.1**	**54.6**	**0.5**	**1%**
Employee expenses	(29.9)	(26.2)	(3.7)	14%
Marketing expenses	(2.1)	(1.8)	(0.3)	17%
Technology and occupancy expenses	(4.8)	(6.0)	1.2	(20%)
Other expenses	(3.7)	(2.9)	(0.8)	28%
Expenses	**(40.5)**	**(36.9)**	**(3.6)**	**10%**
Underlying EBITDA	**14.6**	**17.7**	**(3.1)**	**(18%)**
Underlying EBITDA margin (%)	*26%*	*32%*	*(6%)*	
Depreciation & amortisation	(11.4)	(9.1)	(2.3)	25%
Underlying EBIT	**3.2**	**8.6**	**(5.4)**	**(63%)**
Underlying EBIT margin	*6%*	*16%*	*(10%)*	
Net interest	-	0.1	(0.1)	(100%)
Profit before tax	**3.2**	**8.7**	**(5.5)**	**(63%)**
Tax benefit/(expense)	(1.5)	(2.8)	1.3	(46%)
Tax rate	*47%*	*32%*	*15%*	
Underlying NPAT	**1.7**	**5.9**	**(4.2)**	**(71%)**
Corporate advisory costs (after-tax)	(0.1)	-	(0.1)	(100%)
NPAT	**1.6**	**5.9**	**(4.3)**	**(73%)**
Underlying EPS (cents)	1.21	4.24	(3.03)	(71%)
Statutory EPS (cents)	1.11	4.24	(3.13)	(74%)

[1] Interest revenue of $0.3m (FY19: $0.3m) is shown in Net interest here and not in total revenue as per the statutory full-year report.

FY20 Cash flow

- FX and other non-cash has increased due FX differences, increased share-based payments and increase in non-cash customer contracts.
- Improved working capital due to improved H2 billings in EMEA and APAC combined with supplier focused working capital management.
- We have released a significant amount of new product in FY20. Our capitalised product and system development costs are $1.6M higher than FY19 due to a higher proportion of later stage development work carried out, in line with our product release roadmap.
- Repayment of lease liabilities and receipts from sub-leases occurred as a result of adopting AASB 16 *Leases.* In the prior year these costs were included in EBITDA.

$M	FY20	FY19	$+/-
Underlying EBITDA	**14.6**	**17.7**	**(3.1)**
FX and other non-cash	(0.5)	(0.9)	0.4
Change in working capital	0.3	(3.2)	3.5
Operating free cash flow before intangibles	**14.4**	**13.6**	**0.8**
Investment in product development & other intangibles	(10.6)	(9.0)	(1.6)
Operating free cash flow after intangibles*	**3.8**	**4.6**	**(0.8)**
Net interest paid/received	0.0	0.1	(0.1)
Repayment of lease liabilities	(1.4)	0.0	(1.4)
Receipts from sub-leases	0.5	0.0	0.5
Income tax (paid)/refunded	(1.3)	(1.6)	0.3
Net cash flows before investments	**1.6**	**3.1**	**(1.5)**
Purchase of PP&E	(0.1)	(0.4)	0.3
Net cash flows after investments	**1.5**	**2.7**	**(1.2)**
Cash flow conversion[1] (before capital expenditure)	99%	77%	22%
Cash flow conversion[2] (after capital expenditure)	26%	26%	0%
Impact of AASB16			
***Operating free cash flow after intangibles**	3.8	5.2	(1.4)

[1] Cash flow conversion calculated as operating free cash flow before capital expenditure as a percentage of EBITDA.

[2] Cash flow conversion calculated as operating free cash flow after capital expenditure as a percentage of EBITDA.

FY20 Balance sheet

- Cash of $27.1M is up $1.3M with no bank debt.
- Lease receivable, Right-of-use assets and Lease liabilities are a result of adopting AASB 16 *Leases* accounting standard in FY20. Refer to appendices for further details.
- Increase in intangibles due to continued investment in product development.
- Trade and other payable increased due to the VAT deferral relief scheme implemented by the UK government in response to the COVID-19 pandemic and due to higher 3rd party royalties accrued at year end.
- No dividend declared with cash being retained to support working capital and growth opportunities.

$M	30-Jun-20	30-Jun-19
Cash and cash equivalents	27.1	25.8
Trade and other receivables	11.1	10.8
Lease receivable*	0.6	-
Total current assets	**38.8**	**36.6**
Lease receivable*	1.2	-
Property, plant and equipment	0.6	1.0
Right-of-use assets*	2.8	-
Deferred tax assets	4.8	5.0
Intangibles and goodwill	20.9	19.6
Total non-current assets	**30.3**	**25.6**
Total assets	**69.1**	**62.2**
Trade and other payables	8.2	7.2
Income tax payable	0.2	0.4
Contract liabilities	23.9	24.3
Lease liabilities*	1.6	-
Provisions	1.7	1.6
Total current liabilities	**35.6**	**33.5**
Provisions	0.7	0.7
Lease liabilities*	3.2	-
Contract liabilities	3.3	3.4
Total non-current liabilities	**7.2**	**4.1**
Total liabilities	**42.8**	**37.6**
Net assets	**26.3**	**24.6**
Contributed equity	34.5	34.4
Retained earnings	(16.2)	(17.8)
Reserves	8	8.0
Total equity	**26.3**	**24.6**

* Impact of AASB16 Lease accounting standard

Investment in products & technology assets

- We exit FY20 with a stronger product portfolio having launched Readiwriter Spelling, and enhanced Mathletics with Spanish language, 700+ Problem Solving & Reasoning activities, created 30,000+ new Understanding, Practicing and Fluency activities addressing global curricula; and improving the overall teacher and student experience.
- In FY19 we had lower proportion capitalised as it related to early stage R&D investment. In FY20 our focus returned to later stage development activities and therefore capitalisation rates were higher, and more consistent with FY18.
- From May 2020 we started using a lower cost external provider to assist in developing our products. This investment was achieved within the same cost envelope and is expected to provide additional development efficiencies into FY21.
- Software and curriculum content are amortised over 3 years.
- During FY21 we expect capex to increase to $12.0M to enable development of features which open up new markets or expand opportunities within existing markets.

Investment split by asset type and accounting treatment

$M	CAPEX	%	OPEX	%	Total
Mathematics	7.8	85%	1.4	15%	9.2
Literacy	1.9	83%	0.4	17%	2.3
Digital Systems	0.9	36%	1.6	64%	2.5
Total Cash Investments	**10.6**	**76%**	**3.4**	**24%**	**14.0**

FY19 AU$M	CAPEX	%	OPEX	%	Total
Mathematics	6.3	72%	2.4	28%	8.7
Literacy - WIP	1.5	75%	0.5	25%	2.0
Digital Systems	1.1	52%	1.0	48%	2.1
Total cash investments	**8.9**	**70%**	**3.9**	**30%**	**12.8**

Product and systems balances

$M	Opening Value	Add	Amort'n	Closing Value
Mathematics	10.4	7.8	(7.0)	11.2
Literacy	2.6	1.9	(1.0)	3.5
Digital Systems	1.6	0.9	(1.0)	1.5
Total Product and Systems Development Assets	**14.6**	**10.6**	**(9.0)**	**16.2**

Outlook

FY21 Group Outlook

- **APAC:** We expect single digit revenue and EBITDA growth for the full year.
- **EMEA:** Significant revenue and EBITDA growth are expected in FY21 following the closure of our MOE agreement as well as other enterprise opportunity in the funnel.
- **Americas:** We expect continued market uncertainty in the USA due to funding challenges; however, we have a pipeline of enterprise opportunities in the Americas and expect license revenue growth for the full year.
- On a group basis we expect double digit revenue and EBIDTA growth in FY21.
- Our cost base is now set, our mix of cost is optimised and we expect to deliver revenue growth with increased operating leverage.
- We enter FY21 with strong operating leverage allowing our existing headcount to drive significant revenue growth at high margins similar to other SaaS businesses.

Q & A

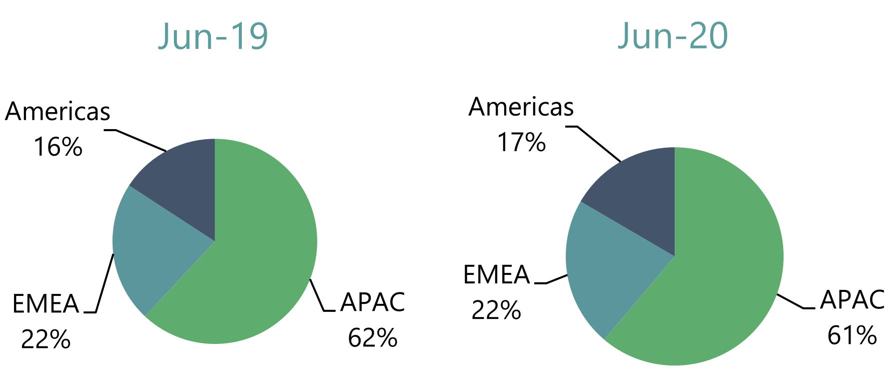
Appendices

Revenue by geography and product family

Revenue by Geography

A$M	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20
APAC	30.1	30.8	31.8	34.4	33.7	33.8
EMEA	10.3	12.6	13.0	13.0	12.1	12.2
Americas	4.4	5.9	7.7	8.0	8.6	9.1
Total	44.8	49.3	52.5	55.4	54.4	55.1

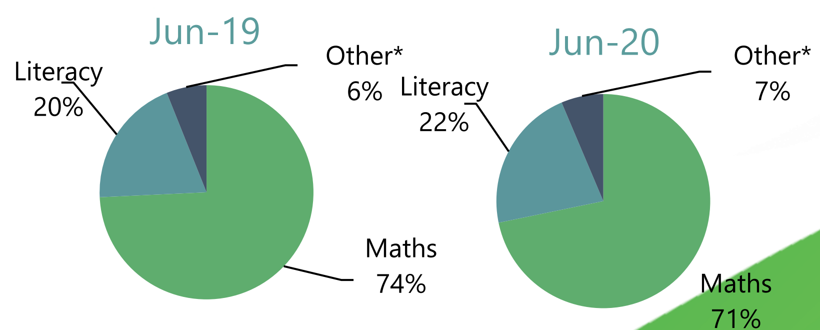
Revenue split by Geography



Revenue by Product Family

A$M	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20
Mathematics	32.9	36.9	39.6	40.9	40.4	39.4
Literacy	7.9	8.9	9.3	9.8	10.7	12.0
Other*	4.0	3.5	3.6	4.7	3.3	3.7
Total	44.8	49.3	52.5	55.4	54.4	55.1

Revenue split by Product Family



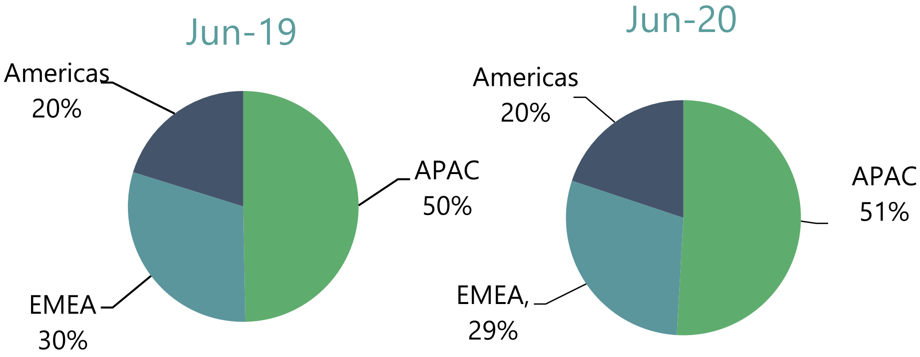
* Other revenue includes STEMscopes, copyright fees, workbook sales, IntoScience and sponsorships

Licences by geography and product family

Licences by Geography

000s	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20
APAC	2,627	2,664	2,704	2,678	2,287	2,384
EMEA	1,498	1,660	1,737	1,534	1,337	1,366
Americas	903	1,026	1,001	849	931	932
Total	5,028	5,350	5,442	5,061	4,555	4,682
Legacy contract*	185	185	0	0	0	0
IntoScience**	99	117	85	15	0	0
Total	5,312	5,652	5,527	5,076	4,555	4,682

Licences split by Geography

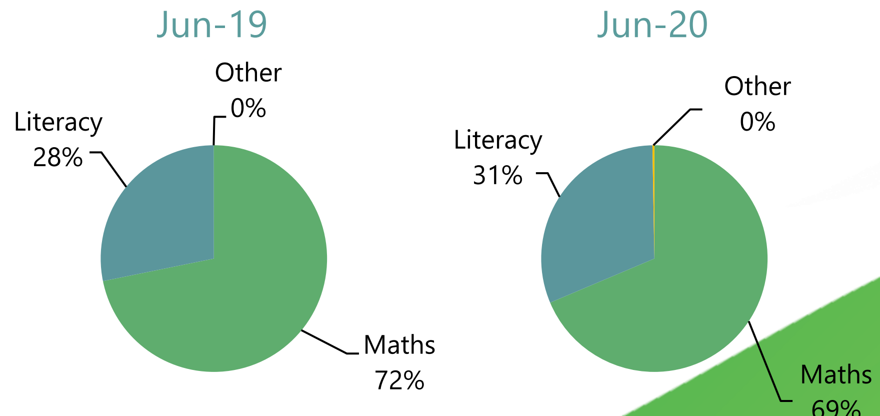


Licences by Product Family

000s	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20
Mathematics	3,606	3,818	3,953	3,583	3,271	3,214
Literacy	1,422	1,532	1,489	1,478	1,283	1,455
Other***	0	0	0	0	1	13
Total	5,028	5,350	5,442	5,061	4,555	4,682
Legacy contract*	185	185	0	0	0	0
IntoScience**	99	117	85	15	0	0
Total	5,312	5,652	5,527	5,076	4,555	4,682

* Legacy Middle East contracts for Mathletics licences
** IntoScience product not actively sold from February 2017
*** STEMscopes sold from late June 2019

Licences split by Product Family



ARR Analysis

Group

A$M	H1-19	H2-19	FY19	H1-20	H2-20	FY20
Opening ARR - royalty adjusted	**49.9**	**52.0**	**49.9**	**49.6**	**49.3**	**49.6**
Acquired business*	2.0	0.3	2.3	-	-	-
New business	2.5	2.7	5.2	2.8	5.5	8.3
Net upsell/downsell	0.8	(0.9)	(0.1)	0.4	(0.7)	(0.3)
Net churn	(3.7)	(4.7)	(8.4)	(4.0)	(3.4)	(7.4)
FX impact	0.5	0.2	0.7	0.5	(0.7)	(0.2)
Closing ARR - royalty adjusted	**52.0**	**49.6**	**49.6**	**49.3**	**50.0**	**50.0**
Net dollar churn %		(17%)	(17%)	(17%)	(15%)	(15%)
Exit ARPU (A$)	10.25	10.89	10.89	10.95	10.68	10.68

EMEA

A$M	H1-19	H2-19	FY19	H1-20	H2-20	FY20
Opening ARR - royalty adjusted	**12.6**	**12.0**	**12.6**	**11.3**	**11.3**	**11.3**
Acquired business	-	-	-	-	-	-
New business	0.7	0.7	1.4	0.7	1.1	1.8
Net upsell/downsell	0.2	-	0.2	(0.1)	0.1	-
Net churn	(1.6)	(1.6)	(3.2)	(1.0)	(1.0)	(2.0)
FX Impact	0.1	0.2	0.3	0.4	(0.6)	(0.2)
Closing ARR - royalty adjusted	**12.0**	**11.3**	**11.3**	**11.3**	**10.9**	**10.9**
Net dollar churn %		(25%)	(25%)	(22%)	(18%)	(18%)
Exit ARPU (A$)	8.25	8.45	8.45	8.91	7.98	7.98

APAC

A$M	H1-19	H2-19	FY19	H1-20	H2-20	FY20
Opening ARR - royalty adjusted	**29.8**	**30.6**	**29.8**	**28.6**	**29.7**	**28.6**
Acquired business	-	-	-	-	-	-
New business	1.1	1.6	2.7	1.2	3.8	5.0
Net upsell/downsell	0.2	(1.0)	(0.8)	0.2	(0.9)	(0.7)
Net churn	(0.6)	(2.7)	(3.3)	(0.3)	(1.9)	(2.2)
FX impact	0.1	0.1	0.2	-	-	-
Closing ARR - royalty adjusted	**30.6**	**28.6**	**28.6**	**29.7**	**30.7**	**30.7**
Net dollar churn %		(11%)	(11%)	(10%)	(8%)	(8%)
Exit ARPU (A$)	11.23	12.51	12.51	12.49	12.88	12.88

Americas

A$M	H1-19	H2-19	FY19	H1-20	H2-20	FY20
Opening ARR - royalty adjusted	**7.5**	**9.2**	**7.5**	**9.7**	**8.2**	**9.7**
Acquired business*	2.1	0.2	2.3	-	-	-
New business	0.6	0.5	1.1	0.9	0.6	1.5
Net upsell/downsell	0.3	0.1	0.4	0.2	0.1	0.3
Net churn	(1.5)	(0.5)	(2.0)	(2.7)	(0.5)	(3.2)
FX Impact	0.2	0.2	0.4	0.1	0.1	0.2
Closing ARR - royalty adjusted	**9.2**	**9.7**	**9.7**	**8.2**	**8.5**	**8.5**
Net dollar churn %		(27%)	(27%)	(35%)	(33%)	(33%)
Exit ARPU (A$)	10.53	10.42	10.42	9.68	9.12	9.12

* In FY19, AMER acquired $2.3M upon gaining the Mathseeds distribution rights. Value has been estimated based on 3rd party information.

Statutory EBITDA

Reconciliation of Segment EBITDA to Statutory EBITDA per note 4 of the FY2020 financial statements*

$M	FY20	FY19	Mvmt	Growth
APAC Underlying EBITDA	**25.4**	**25.9**	**(0.5)**	**(2%)**
Less : Corporate Costs and Development	(16.9)	(16.0)	(0.9)	6%
Add : Intersegment Royalties & Charges	6.2	6.9	(0.7)	(10%)
Statutory EBITDA*	**14.7**	**16.8**	**(2.1)**	**(13%)**
EMEA Underlying EBITDA	**6.5**	**7.4**	**(0.9)**	**(12%)**
Less : Intersegment Royalties & Charges	(3.8)	(4.2)	0.4	(10%)
Statutory EBITDA	**2.7**	**3.2**	**(0.5)**	**(16%)**
Americas Underlying EBITDA	**(0.4)**	**0.4**	**(0.8)**	**(200%)**
Less : Intersegment Royalties & Charges	(2.4)	(2.7)	0.3	(11%)
Statutory EBITDA	**(2.8)**	**(2.3)**	**(0.5)**	**22%**
Group Underlying EBITDA	**14.6**	**17.7**	**(3.1)**	**(18%)**

*Statutory EBITDA as disclosure in Note 4 of Financial Report as at 30 June 2020.

Impact of AASB16 Leases

FY19 income statement, notionally adjusted for the FY20 impacts of adopting AASB16 Leases

A$M	FY19 Actuals	AASB16 Leases impact *	Pro forma FY19	Change
Total Revenue	**54.4**	**(0.6)**	**53.8**	**(1%)**
Employee expenses	(26.2)	-	(26.2)	-
Marketing expenses	(1.8)	-	(1.8)	-
Technology and occupancy expenses	(6.0)	1.6	(4.4)	(27%)
Other expenses	(2.7)	-	(2.7)	-
Expenses	**(36.7)**	**1.6**	**(35.1)**	**(4%)**
EBITDA	**17.7**	**1.0**	**18.7**	**6%**
EBITDA margin (%)	*33%*		*35%*	
Depreciation & amortisation	(9.1)	(1.0)	(10.1)	11%
EBIT	**8.6**	**-**	**8.6**	**-**
EBIT margin	*16%*		*16%*	
Net interest	0.1	(0.1)	-	(100%)
Profit before tax	**8.7**	**(0.1)**	**8.6**	**(1%)**
Tax Benefit/(Expense)	(2.8)	-	(2.8)	-
Tax rate	*32%*		*33%*	
NPAT	**5.9**	**(0.1)**	**5.8**	**(2%)**

* The above income statement shows the impact of adopting AASB16 Leases on the FY19 results, based on leases in existence as at 30 June 2019. Sub-lease income would decrease $0.6M, lease expense would decrease $1.6M, depreciation would increase $1.0M and net interest expense would increase $0.1M.

Definitions

Term	Definition
Annual Recuring Revenue - Royalty Adjusted (ARR - Royalty Adjusted)	ARR - royalty adjusted is the annualised customer contract value of all active licence contracts in effect at a particular date, adjusted for the annualised value of royalties payable to third parties on that contract.
Licences	Licences reported reflect the number of indivdiual students using 3P Learning products. It excludes any teacher or administrator users.
Net Churn	Net churn represents the ARR - royalty adjusted value of licences which were not renewed by a customer at the end of a subscription period, offset by the value of recovered subscriptions previously churned.
Net Dollar Churn Percentage	Net dollar churn percentage is calculated as a proportion of the opening ARR - royalty adjusted value in a rolling 12-month period.
Licence Revenue	Licence revenue includes all statutory revenue recorded on the sale of online education products. Specifically it includes first party products recognised as "Licence fees" and 3rd party products recognised as "Net commission revenue" in the statutory financial statements.
Average Revenue per User (ARPU)	ARPU represents the rolling 12-month Licence Revenue divided by the average licences. Average licences are calculated as (opening licences + closing licences) / 2
Exit Average Revenue per User (Exit ARPU)	Exit ARPU represents the closing ARR - royalty adjusted divided by the closing number of licences.

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The release of this announcement has been authorised by the Board of 3P Learning Limited

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